

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **October 11, 2005**

AGENDA ITEM NO.: 19

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **FY 2006 Tax Relief for the Elderly and Permanently Disabled.**

RECOMMENDATION: Consider supplemental funding options for the FY 2006 Tax Relief for the Elderly and Permanently Disabled program:

Option A: No increase in funding

Option B: \$ 44,824 -Provides 100% tax relief for those applicants having net worth less than \$10,000.

Option C: \$ 72,278 -Continues the current practice to provide the same increase in program funding consistent with the overall percentage increase in residential property as a result of the biennial reassessment.

Option D: \$127,000 -Provides for all applicants to receive the same percentage of tax relief in FY 2006 as FY 2005.

SUMMARY: During its FY 2006 Budget deliberations, Council decided not to raise the amount of funding available to finance the Tax Relief for the Elderly and Permanently Disabled program. Council also increased the annual income limits for applicants. It was understood that both actions, in light of the increases in real estate assessed values, would result in some individuals receiving less in tax relief than they had in the previous year. Once applications for the program had been compiled staff prepared the attached report which was shared with the Finance Committee on October 4. Staff wanted Council to be aware that while 98% of applicants received 100% tax relief in FY 2005, only 40% of applicants would receive 100% tax relief in FY 2006. Complaints or inquiries to Council members are anticipated.

The Finance Committee discussed the attached report and asked (although not unanimously) that it be presented to full Council along with options for providing some increased funding to provide additional relief.

Also attached is the tax relief matrix that allocates the available funding. To assist in understanding the changes in the allocation between FY 2005 and FY 2006 the following information is offered regarding the FY 2006 tax relief matrix:

Yellow – Represents applicants receiving 100% tax relief in FY 2005

Clear Area – Represents those applicants in FY 2005 not receiving 100% relief

Green – Represents new applicants resulting from the change in eligibility requirements for FY 2006

Bolded Area – Represents applicants receiving 100% relief in FY 2006

PRIOR ACTION(S): Council set the funding level for the tax relief program during budget deliberations. Finance Committee, October 4, 2005

FISCAL IMPACT: As noted above. Funding would have to come from the General Fund Reserve for Contingencies and then would have to be provided in subsequent years' budgets.

CONTACT(S): Michael W. Hill, Director of Financial Services 455-4218
Mitchell W. Nuckles, Commissioner of the Revenue 455-3871

ATTACHMENTS: September 29, 2005 Memorandum regarding the FY 2006 Tax Relief for the Elderly and
Permanently Disabled
FY 2006 Tax Relief Matrix

REVIEWED BY: lkp

143L



The City of Lynchburg, Virginia

MEMORANDUM

TO: Lynchburg City Council

FROM: Michael W. Hill, Director of Financial Services
Mitchell W. Nuckles, Commissioner of the Revenue

DATE: October 7, 2005

RE: FY 2006 Tax Relief for the Elderly and Permanently Disabled

The final real estate tax rolls were recently completed. Following completion of the real estate tax rolls, the Office of the Commissioner of the Revenue and Department of Financial Services apply the available funding for the Tax Relief for the Elderly and Permanently Disabled Program (Tax Relief) to those qualified applicants through a matrix based on various income and net worth levels. There are several factors that affected this year's program which the two offices deemed important to apprise Council Members ahead of when the tax bills are issued:

- Approved applicants increased from 938 in FY 2005 to 1024 in FY 2006.
- Of the 86 new applicants, 37 resulted from the change in income levels from \$27,000 to \$30,000.
- The amount of taxes associated with the approved applicants is \$647,764 for FY 2006 compared to \$504,680 in FY 2005
- The amount of funding for the program remained constant for the two fiscal years at \$516,272
- The impact upon the program is more tax and applicants to divide against the same amount of funding resulted in reduced tax relief to many of the applicants.
- In FY 2005, 98% (920/938) received 100% relief compared to 40% (413/1024) for FY 2006.
- Typically in years of reassessment, the relief amount was increased to parallel the increase in residential assessments. For FY 2006, residential assessments increased an average of 14% which would equate to a \$72,278 funding increase to follow past practice.
- In order for the approved applicants to receive the same percentage of relief as in FY 2005, program funding would need to increase \$127,000.

Since applicants are City-wide, it was deemed important that all Council members be made aware of the program changes that could affect those citizens approved for Tax Relief. Additionally, this matter will be presented in more detail at the October 4, 2005 Finance Committee meeting.

C: L. Kimball Payne, III, City Manager
Bonnie Svrcek, Deputy City Manager

2005-2006 Tax Relief Summary				City of Lynchburg: Tax Relief for the Elderly FY 2006 Tax Year 2005													Agrees to Matrix executed August 25, 2005 from Glenda Dix		
Combined Gross Income	Combined Net Worth			10,001	15,001	20,001	25,001	30,001	35,001	40,001	45,001	50,001	55,001	Total Tax	Total Tax Relief	Total Tax Relief Customers			
	zero to 5,000	5,001 to 10,000	10,001 to 15,000	15,001 to 20,000	20,001 to 25,000	25,001 to 30,000	30,001 to 35,000	35,001 to 40,000	40,001 to 45,000	45,001 to 50,000	50,001 to 55,000	55,001 to 60,000							
			to 15,000	to 20,000	to 25,000	to 30,000	to 35,000	to 40,000	to 45,000	to 50,000	to 55,000	to 60,000							
zero to 1,000	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	0.00	0.00	0			
1,001 to 2,000	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	0.00	0.00	0			
2,001 to 3,000	1,163.00 1,163.00 1	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1,163.00	1,163.00	1			
3,001 to 4,000	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	0.00	0.00	0			
4,001 to 5,000	2,028.00 1.00 2,028.00 4	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	2,028.00	2,028.00	4			
5,001 to 6,000	1,456.00 1.00 1,456.00 4	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1,456.00	1,456.00	4			
6,001 to 7,000	14,102.00 1.00 14,102.00 33	1.00 0.00	449.00 449.00 1	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	14,551.00	14,551.00	34			
7,001 to 8,000	24,802.00 1.00 24,802.00 61	1.00 0.00	1,285.00 1,285.00 2	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	668.00 1.00 668.00 1	1.00 0.00	688.00 1.00 688.00 1	997.00 1.00 997.00 1	1.00 0.00	28,440.00	28,440.00	66				
8,001 to 9,000	27,930.00 1.00 27,930.00 55	1,314.00 1.00 1,314.00 3	3,825.00 1.00 3,825.00 6	301.00 1.00 301.00 1	1.00 0.00	1.00 0.00	1.00 0.00	1,041.00 1.00 1,041.00 1	1,127.00 1.00 1,127.00 2	1.00 0.00	1.00 0.00	1.00 0.00	35,538.00	35,538.00	68				
9,001 to 10,000	25,305.00 1.00 25,305.00 55	3,446.00 1.00 3,446.00 5	1,299.00 1.00 1,299.00 4	549.00 0.75 411.75 1	550.00 0.75 412.50 1	0.75 0.75 0.00	0.75 0.75 0.00	3,233.00 0.75 2,424.75 4	1,171.00 0.75 878.25 2	469.00 0.75 351.75 1	0.75 0.75 0.00	0.75 0.75 0.00	36,022.00	34,529.00	73				
10,001 to 11,000	28,220.00 1.00 28,220.00 58	3,197.00 1.00 3,197.00 4	5,646.00 0.75 4,234.50 8	2,571.00 0.75 1,928.25 4	1,746.00 0.75 1,309.50 2	531.00 0.75 398.25 1	0.75 0.75 0.00	1,427.00 0.75 1,070.25 2	0.75 0.75 0.00	0.75 0.75 0.00	1,017.00 0.50 508.50 3	1,017.00 0.50 508.50 3	44,355.00	40,866.25	82				
11,001 to 12,000	23,295.00 1.00 23,295.00 46	3,195.00 0.75 2,396.25 6	1,824.00 0.75 1,368.00 2	2,104.00 0.75 1,578.00 3	521.00 0.75 390.75 1	572.00 0.75 429.00 1	1,516.00 0.75 1,137.00 2	0.75 0.75 0.00	3,283.00 0.75 2,462.25 4	671.00 0.75 503.25 1	0.50 0.50 0.00	0.50 0.50 0.00	36,981.00	33,559.50	66				
12,001 to 13,000	16,494.00 1.00 16,494.00 29	3,798.00 0.75 2,848.50 6	2,894.00 0.75 2,170.50 4	4,807.00 0.75 3,605.25 7	4,807.00 0.75 3,605.25 7	636.00 0.75 477.00 1	1,738.00 0.75 1,303.50 2	0.75 0.75 0.00	835.00 0.50 417.50 1	453.00 0.50 226.50 1	1,100.00 0.50 550.00 2	1,100.00 0.50 550.00 2	32,755.00	28,092.75	53				
13,001 to 14,000	22,365.00 1.00 22,365.00 35	6,517.00 0.75 4,887.75 10	1,465.00 0.75 1,098.75 2	1,304.00 0.75 978.00 2	204.00 0.75 153.00 1	215.00 0.75 161.25 2	431.00 0.75 323.25 1	0.75 0.75 0.00	845.00 0.50 422.50 1	553.00 0.50 276.50 1	1,234.00 0.50 617.00 1	1,234.00 0.50 617.00 1	35,133.00	31,283.00	56				
14,001 to 15,000	11,640.00 0.90 10,476.00 20	5,086.00 0.75 3,814.50 5	5,163.00 0.75 3,872.25 7	838.00 0.75 628.50 3	614.00 0.75 460.50 1	2,170.00 0.75 1,627.50 2	1,825.00 0.75 1,368.75 2	1,350.00 0.50 675.00 3	0.50 0.50 0.00	850.00 0.50 425.00 1	1,403.00 0.50 701.50 1	432.00 0.50 216.00 1	31,371.00	24,265.50	46				
15,001 to 16,000	18,507.00 0.90 16,656.30 35	4,975.00 0.75 3,731.25 8	3,183.00 0.75 2,387.25 4	4,685.00 0.75 3,513.75 6	725.00 0.75 543.75 1	2,173.00 0.50 1,086.50 2	1,662.00 0.50 831.00 7	883.00 0.50 441.50 1	2,301.00 0.50 1,150.50 2	1,082.00 0.50 541.00 1	0.50 0.50 0.00	0.50 0.50 0.00	40,176.00	30,882.80	67				
16,001 to 17,000	14,750.00 0.90 13,275.00 29	1,589.00 0.75 1,191.75 2	1,687.00 0.75 1,265.25 2	2,265.00 0.75 1,698.75 4	1,449.00 0.75 1,086.75 1	552.00 0.50 276.00 1	0.50 0.50 0.00	0.50 0.50 0.00	1,646.00 0.50 823.00 2	0.50 0.50 0.00	893.00 0.50 446.50 1	0.25 0.50 0.00	24,831.00	20,063.00	42				
17,001 to 18,000	17,322.00 0.90 15,589.80 24	6,988.00 0.75 5,241.00 9	1,328.00 0.75 996.00 2	1,298.00 0.75 973.50 3	2,980.00 0.50 1,490.00 4	1,187.00 0.50 593.50 1	1,387.00 0.50 693.50 2	2,863.00 0.50 1,431.50 3	0.50 0.50 0.00	0.50 0.50 0.00	0.25 0.25 0.00	0.25 0.25 0.00	35,353.00	27,008.80	48				
18,001 to 19,000	20,582.00 0.80 16,465.60 30	3,919.00 0.75 2,939.25 5	1,486.00 0.75 1,114.50 2	2,073.00 0.50 1,036.50 4	2,404.00 0.50 1,202.00 3	2,379.00 0.50 1,189.50 3	2,226.00 0.50 1,113.00 2	2,575.00 0.50 1,287.50 2	765.00 0.50 382.50 1	904.00 0.25 226.00 1	0.25 0.25 0.00	0.25 0.25 0.00	39,313.00	26,956.35	53				
19,001 to 20,000	12,090.00 0.80 9,672.00 13	3,030.00 0.75 2,272.50 4	2,924.00 0.75 2,193.00 2	3,927.00 0.50 1,963.50 3	885.00 0.50 442.50 1	2,646.00 0.50 1,323.00 2	2,645.00 0.50 1,322.50 3	1,920.00 0.50 960.00 3	2,446.00 0.25 611.50 3	1,820.00 0.25 455.00 3	0.25 0.25 0.00	0.25 0.25 0.00	34,333.00	21,215.50	37				
20,001 to 21,000	14,306.00 0.80 11,444.80 21	2,248.00 0.75 1,686.00 3	1,834.00 0.75 1,375.50 3	0.50 0.50 0.00	1,171.00 0.50 585.50 1	754.00 0.50 377.00 1	0.50 0.50 0.00	2,405.00 0.25 601.25 4	0.25 0.25 0.00	1,307.00 0.25 326.75 3	1,084.00 0.25 271.00 1	0.25 0.25 0.00	25,109.00	16,667.80	37				
21,001 to 22,000	14,521.00 0.80 11,616.80 17	4,241.00 0.75 3,180.75 5	4,241.00 0.75 3,180.75 5	2,449.00 0.50 1,224.50 4	3,316.00 0.50 1,658.00 3	2,756.00 0.50 1,378.00 3	1,719.00 0.25 429.75 2	577.00 0.25 144.25 1	636.00 0.25 159.00 1	1,731.00 0.25 432.75 1	2,162.00 0.25 540.50 2	1,496.00 0.25 374.00 1	35,604.00	21,138.30	40				
22,001 to 23,000	12,696.00 0.80 10,156.80 18	1,091.00 0.75 818.25 2	4,496.00 0.75 3,372.00 4	0.50 0.50 0.00	3,415.00 0.50 1,707.50 5	0.25 0.25 0.00	4,200.00 0.25 1,050.00 3	1,407.00 0.25 351.75 2	0.25 0.25 0.00	1,728.00 0.25 432.00 1	975.00 0.25 243.75 1	0.25 0.25 0.00	30,008.00	18,132.05	36				
23,001 to 24,000	12,346.00 0.80 9,876.80 14	710.00 0.75 532.50 1	0.75 0.75 0.00	0.50 0.50 0.00	927.00 0.25 231.75 1	531.00 0.25 132.75 1	1,620.00 0.25 405.00 2	1,112.00 0.25 278.00 1	622.00 0.25 155.50 1	1,183.00 0.25 295.75 1	0.25 0.25 0.00	0.25 0.25 0.00	19,051.00	11,908.05	22				
24,001 to 25,000	6,048.00 0.80 4,838.40 10	4,174.00 0.75 3,130.50 5	2,445.00 0.75 1,833.75 2	990.00 0.50 495.00 1	907.00 0.25 226.75 1	940.00 0.25 235.00 1	0.25 0.25 0.00	1,012.00 0.25 253.00 1	1,249.00 0.25 312.25 1	839.00 0.25 209.75 1	0.25 0.25 0.00	0.25 0.25 0.00	18,604.00	11,534.40	23				
25,001 to 26,000	5,703.00 0.80 4,562.40 10	3,029.00 0.75 2,271.75 3	0.75 0.75 0.00	607.00 0.50 303.50 1	0.25 0.50 0.00	0.25 0.25 0.00	0.25 0.25 0.00	0.25 0.25 0.00	0.25 0.25 0.00	0.25 0.25 0.00	0.25 0.25 0.00	0.25 0.25 0.00	9,339.00	7,137.65	14				
26,001 to 27,000	5,729.00 0.80 4,583.20 10	548.00 0.75 411.00 1	501.00 0.75 375.75 1	0.50 0.50 0.00	654.00 0.25 163.50 1	0.25 0.25 0.00	0.25 0.25 0.00	0.25 0.25 0.00	985.00 0.25 246.25 1	0.25 0.25 0.00	1,032.00 0.25 258.00 1	0.25 0.25 0.00	9,449.00	6,037.70	15				
27,001 to 28,000	7,599.00 0.75 5,699.25 10	2,256.00 0.75 1,692.00 3	0.75 0.75 0.00																